

# PREPAID AFFORDABLE COLLEGE TUITION (P.A.C.T.)

PROGRAM DESCRIPTION, RULES, REGULATIONS, AND PROCEDURES  
FOR ENROLLMENT PERIOD OF MARCH 21, 1990 - MAY 31, 1990



The Alabama P.A.C.T.  
*An investment in our most valuable resource — our children.*

THE WALLACE-FOLSOM PREPAID COLLEGE TUITION TRUST FUND

# TABLE OF CONTENTS

## PROGRAM DESCRIPTION, RULES, REGULATIONS, AND PROCEDURES FOR ENROLLMENT PERIOD OF MARCH 21, 1990 - MAY 31, 1990

	Page
SECTION 1 PROGRAM DESCRIPTION .....	1
SECTION 2 LOCATION OF P.A.C.T. OFFICES .....	1
SECTION 3 PROGRAM ADMINISTRATION .....	1
SECTION 4 THE TRUST FUND .....	2
SECTION 5 PAYROLL DEDUCTIONS .....	2
SECTION 6 PROPOSALS AND CONTRACTS FOR SERVICES .....	2
RULES, REGULATIONS AND PROCEDURES	
SECTION 7 DEFINITIONS .....	2
7.01 Application .....	2
7.02 Application Processing Fee .....	2
7.03 P.A.C.T. Application (Enrollment) Period .....	2
7.04 Beneficiary or Qualified Beneficiary .....	2
7.05 Purchaser or Contract Purchaser or Prepaid Tuition Contract Purchaser or P.A.C.T. Contract Purchaser .....	2
7.06 Contract or Prepaid Tuition Contract or P.A.C.T. Contract or Prepaid Affordable College Tuition Contract .....	2
7.07 MasterPACT .....	2
7.08 Postsecondary Institution .....	2
7.09 Public Postsecondary Institution .....	3
7.10 Out-of-State Postsecondary Institution .....	3
7.11 Independent/Private Instate Postsecondary Institution .....	3
7.12 Instate Tuition or Instate Tuition Rate .....	3
7.13 Mandatory Fees .....	3
7.14 Projected College Entrance Date .....	3
7.15 Official Change Period .....	3
7.16 Eligible Substitute Beneficiary or Substitute Beneficiary .....	3
7.17 Immediate Family .....	3
7.18 Partial Scholarship or Full Scholarship or Scholarship .....	3
7.19 Disability of the Purchaser .....	3
7.20 Disability of the Qualified Beneficiary .....	3
7.21 Termination .....	3
7.22 Cancellation .....	3
7.23 Current Tuition Value .....	3
7.24 Redemption Value .....	3
7.25 Payment Schedule .....	3
SECTION 8 ALABAMA COLLEGES AND UNIVERSITIES .....	4
SECTION 9 CONTRACT PURCHASER .....	4
9.01 Eligibility of Purchaser .....	4
9.02 Nonacceptance of the Purchaser's Application .....	4
9.03 Number of Purchasers Per Contract .....	4
SECTION 10 QUALIFIED BENEFICIARY .....	5
10.01 Beneficiary Eligibility .....	5
10.02 Evidence of Residency .....	5
10.03 Beneficiary Substitutions .....	5
SECTION 11 APPLICATION .....	6
11.01 Application (Enrollment) Periods .....	6
11.02 Application .....	6
11.03 Naming the Qualified Beneficiary .....	6

	Page
SECTION 12 THE PREPAID TUITION CONTRACT .....	6
12.00 General .....	6
12.01 Contract Plan .....	6
12.02 Contract Benefits .....	6
12.021 Earliest Availability of Contract Benefits .....	6
12.022 Earliest Availability of Benefits for the Spring 1990 P.A.C.T. Application (Enrollment) Period .....	7
12.03 Contract Term .....	7
12.04 Notification of Intent to Receive Educational Benefits .....	7
12.05 Identification Cards for Qualified Beneficiaries .....	7
12.06 Contract Prices .....	7
12.07 Contract Payments .....	7
12.071 Contract Payments for the Spring 1990 Application (Enrollment) Period .....	7
12.08 Changes in Payment Schedule, Payment Method, and Beneficiary Substitutions .....	8
12.09 Contract Exclusions .....	8
SECTION 13 ASSESSMENT OF FEES .....	8
13.01 Administrative Fees .....	8
13.02 Fees Assessed and Fee Schedules .....	8
13.021 Application Processing Fee .....	8
13.022 Cancellation Fee .....	8
13.023 Termination Fee .....	8
13.024 Substitute Beneficiary Fee .....	9
13.025 Fee for Enrollment in a Private, Accredited In-State or in an Out-of-State Postsecondary Institution .....	9
13.026 Late Payment Fee .....	9
13.027 Fee for Not Sufficient Funds .....	9
13.028 Fee for Document Replacement or Copies .....	9
13.029 Fee for Failure to Provide Sufficient Notification of Intent to Use Contract Benefits .....	9
13.030 Fee for Changes in Payment Schedule or Payment Method .....	9
SECTION 14 ATTENDANCE AT AN INDEPENDENT/PRIVATE INSTATE OR OUT-OF-STATE POSTSECONDARY INSTITUTION .....	9
14.01 Transfer of Contract Benefits to an Independent/Private Instate Postsecondary Institution or to an Out-of-State Postsecondary Institution .....	9
SECTION 15 TERMINATION OR CANCELLATION OF A PREPAID TUITION CONTRACT .....	9
15.00 General .....	9
15.01 Individual Entitled to Cancel a Prepaid Tuition Contract .....	9
15.02 Individual Entitled to Receive Refunds .....	9
SECTION 16 REFUND OF AMOUNTS PAID INTO THE TRUST FUND .....	9
16.00 General .....	9
16.01 Refund in the Event of Death or Disability of the Qualified Beneficiary .....	10
16.02 Refund in the Event of Receipt of a Full or Partial Scholarship by a Qualified Beneficiary .....	10
16.03 Other Refunds .....	10
SECTION 17 SPECIAL PETITION .....	10
17.00 General .....	10
SECTION 18 MISCELLANEOUS PROVISIONS .....	10
18.00 Promulgation and Amendment of Rules, Regulations, and Procedures .....	10
SECTION 19 WAIVER OF RULES, REGULATIONS, AND PROCEDURES .....	11
19.00 General .....	11

# Program Description, Rules, Regulations, and Procedures

## Wallace-Folsom Prepaid Affordable College Tuition Program

### Created by the Wallace-Folsom Prepaid College Tuition Trust Fund Act

#### SECTION 1 PROGRAM DESCRIPTION

Through passage of the Wallace-Folsom Prepaid College Tuition Trust Fund Act, the Wallace-Folsom Prepaid Affordable College Tuition Program was established by the 1989 regular session of the Alabama legislature to form an educational trust fund through which many of the costs associated with attending a public college or university in the State of Alabama can be paid in advance, for a child's undergraduate enrollment, at a rate lower than the projected corresponding cost at the time of actual college enrollment of the child. The Prepaid Affordable College Tuition Program is referred to herein as P.A.C.T. for purposes of these rules, regulations, procedures, and program description. Through P.A.C.T., an individual, corporation, or other organization may purchase a Prepaid Tuition Contract on behalf of a Qualified Beneficiary. The Prepaid Tuition Contract provides for the prepayment of both undergraduate tuition for a specified number of credit hours, and for the prepayment of Mandatory Fees. The P.A.C.T. Program is administered by the office of the State Treasurer under the guidance of a Board of Trustees.

The cost of participation in the P.A.C.T. Program is based primarily on the average current and projected tuition and Mandatory Fee rates at public colleges and universities in Alabama and on the number of years expected to elapse between the purchase of a Prepaid Tuition Contract and the exercise of the benefits provided in the Contract by the Beneficiary. The State Treasurer, on behalf of the Board of Trustees, has established the cost of Prepaid Tuition Contracts in accordance with actuarial assumptions adopted by the State Treasurer and the Board of Trustees.

Payments by Prepaid Tuition Contract Purchasers are placed in the Wallace-Folsom Prepaid College Tuition Trust Fund (hereinafter called the Trust Fund) and are combined and invested by the State Treasurer with the goal of yielding, at a minimum, sufficient interest to generate the difference between the prepaid amount and the cost of Instate Tuition and Mandatory Fees at the time of actual enrollment of the Beneficiary.

The Contract Purchaser receives periodic statements reflecting amounts paid into the Trust Fund.

#### SECTION 2 LOCATION OF P.A.C.T. OFFICES

P.A.C.T. Program headquarters are located in the Office of the State Treasurer, Alabama State House, 11 South Union Street, Suite 10, Montgomery, Alabama 36130. Office hours are 8:00 A.M. through 5:00 P.M., Monday through Friday, except legal holidays. Persons may obtain forms, publications, and documents by writing to, visiting, or calling the P.A.C.T. offices at 205-242-7514 or 1-800-ALA-P.A.C.T. or by contacting any AmSouth Bank in Alabama.

#### SECTION 3 PROGRAM ADMINISTRATION

The P.A.C.T. Program is administered by the State Treasurer under the direction of a nine (9) member Board of Trustees established in accordance with Title 16, Sections 33C-1 through 33C-8, *Code of Alabama*, 1975, (as last amended). The Board of Trustees is chaired by the State Treasurer.

The State Treasurer seeks, under the direction of the Board of Trustees, to administer the Trust Fund in a manner that is sufficiently actuarially sound to defray the obligations of the P.A.C.T. Program. The State Treasurer will annually evaluate, or cause to be evaluated, the actuarial soundness of the Wallace-Folsom Prepaid College Tuition Trust Fund. If the State Treasurer, on behalf of the Board of Trustees, perceives a need for additional assets to preserve actuarial soundness, the State Treasurer may adjust the terms of subsequent Prepaid Tuition Contracts to ensure such soundness.

The State Treasurer, with guidance from the Board of Trustees, has established investment policies for the Trust Fund. The policies are executed by the State Treasurer.

The State Treasurer, on behalf of the Board of Trustees, will annually prepare, or cause to be prepared, a report setting forth an accounting of the Wallace-Folsom Prepaid College Tuition Trust Fund and a description of the financial condition of the P.A.C.T. Program. The State Treasurer will make the report available to the Purchasers of Prepaid Tuition Contracts, the Board of Trustees, the Governor, the Lieutenant Governor, and the Speaker of the House of Representatives. The accounts of the Trust Fund are subject to audit by the State Examiners of Public Accounts.

The State Treasurer, on behalf of the Board of Trustees, and in conjunction with a qualified actuarial firm, has constructed Prepaid Tuition Contracts for tuition and Mandatory Fees and has established Payment Schedules in accordance with the actuarial assumptions adopted by the State Treasurer and the Board of Trustees.

The State Treasurer, on behalf of the Board of Trustees, has established Program rules, regulations, and procedures; has contracted for necessary goods and services; has employed necessary personnel; has engaged the services of private persons for administrative and technical assistance; will make arrangements with State colleges and universities to transfer moneys from the Trust Fund on behalf of Qualified Beneficiaries; will solicit and accept gifts, including those made by will, grants, and other sources for purposes of carrying out the P.A.C.T. Program; and will encourage participation of employers in the Program on behalf of employees and their Immediate Families.

## SECTION 4 THE TRUST FUND

The Wallace-Folsom Prepaid College Tuition Trust Fund has been created within the State Treasury to accept State appropriations, moneys acquired from other governmental or private sources, and moneys remitted by Purchasers in accordance with Prepaid Tuition Contracts. All moneys deposited into the Trust Fund are invested by the State Treasurer in accordance with the investment policies established by the State Treasurer and adopted by the Board of Trustees. Dividends, interest, and gains accruing to the Trust Fund increase the total moneys available for the P.A.C.T. Program. Excess moneys in the Trust Fund revert to the State's General Fund.

The assets of the Trust Fund are maintained and expended by the Office of the State Treasurer for the purposes of the P.A.C.T. Program. The State Treasurer shall not be prohibited, on behalf of the Board of Trustees, from investing in, by purchase or otherwise, bonds, notes, or other obligations of the State or an agency or instrumentality of the State. Unless otherwise specified by the State Treasurer, with guidance from the Board of Trustees, the assets of the Fund shall be expended in the following order of priority:

- (a) To make payments to State Postsecondary Institutions on behalf of Qualified Beneficiaries.
- (b) To make refunds upon Termination or Cancellation of Prepaid Tuition Contracts.
- (c) To pay into the State's General Fund, from the Wallace-Folsom Prepaid College Tuition Trust Fund, any moneys determined by the Board of Trustees to be excess moneys not required to make all payments described in (a) and (b) above and not required for administration of the P.A.C.T. Program.

## SECTION 5 PAYROLL DEDUCTIONS

Automatic payroll deduction will be provided for any State employee desiring to remit payments toward a Prepaid Tuition Contract(s) through such means. The State Treasurer will assist any other entity desiring to establish automatic payroll deduction capability for Prepaid Tuition Contract Purchasers.

## SECTION 6 PROPOSALS AND CONTRACTS FOR SERVICES

The State Treasurer, on behalf of the Board of Trustees, has solicited proposals for the operation of the P.A.C.T. Program and has contracted for the services of a records administrator, actuary, legal counsel, and investment advisor.

The Records Administrator is the entity designated to conduct, in conjunction with the State Treasurer, the daily operations of the P.A.C.T. Program. The goals in selection of the Records Administrator were to provide all Purchasers with the most secure, well-diversified, and beneficially administered postsecondary education prepayment plan possible, and to provide such services at the lowest cost possible.

## RULES, REGULATIONS, AND PROCEDURES WALLACE-FOLSOM PREPAID COLLEGE TUITION PROGRAM

### SECTION 7 DEFINITIONS

In these rules, regulations, and procedures of the P.A.C.T. Program, the following terms shall be defined as follows:

7.01 "Application" means a request for acceptance into the P.A.C.T. Program, made on a form, or a duplicate form, approved by the State Treasurer.

7.02 "Application Processing Fee" means the processing fee, specified in Section 13.021, paid to the Trust Fund by the Contract Purchaser upon application for entrance into the P.A.C.T. Program.

7.03 "P.A.C.T. Application (Enrollment) Period" means any period designated by the State Treasurer during which Applications for enrollment in the P.A.C.T. Program will be accepted by the State Treasurer.

7.04 "Beneficiary" or "Qualified Beneficiary" means an individual who meets all Beneficiary eligibility criteria as specified in Section 10.01 and who is designated in the P.A.C.T. Application by the Prepaid Tuition Contract Purchaser to be the recipient of the Contract benefits.

7.05 "Purchaser" or "Contract Purchaser" or "Prepaid Tuition Contract Purchaser" or "P.A.C.T. Contract Purchaser" means any adult person, any corporation, or any organization who is obligated to make advance tuition and Mandatory Fee payments, and administrative fee payments, in accordance with a Prepaid Tuition Contract. Contract payments to the Trust Fund may be made by someone other than the Contract Purchaser. The Purchaser, however, is ultimately responsible for making the payments. The Purchaser, if a natural person, must be nineteen (19) years of age or older, or be represented by a court appointed conservator or guardian, or a trustee, or a designated custodian under the provisions of Title 26-2-20, *Code of Alabama*, 1975, (as last amended).

7.06 "Contract" or "Prepaid Tuition Contract" or "P.A.C.T. Contract" or "Prepaid Affordable College Tuition Contract" refers collectively to the P.A.C.T. Application, the MasterPACT, and the Payment Schedule for Purchasers paying in monthly installments or the invoice (which constitutes the Payment Schedule) for Purchasers making a onetime, lump sum payment.

7.07 "MasterPACT" means the legal document which specifies terms and conditions of the P.A.C.T. Program, and the obligations and responsibilities of the State Treasurer on behalf of the Trust Fund and the Board of Trustees.

7.08 "Postsecondary Institution" means a public educational Associate of Arts or baccalaureate degree-granting postsecondary institution; or a private, independent Associate of Arts or baccalaureate degree-granting college or university; or an out-of-state Associate of Arts or baccalaureate degree-granting college or university.

7.09 "Public Postsecondary Institution" means any college or university listed in Section 8 of these rules, regulations, and procedures, and any other college or university in Alabama which is recognized as a Public Postsecondary Institution as determined by the State Treasurer upon advice of the Alabama Commission on Higher Education, the State of Alabama Board of Education, or other organization having the authority to make such a determination, whether or not such Postsecondary Institution is listed in Section 8 of these rules, regulations, and procedures.

7.10 "Out-of-State Postsecondary Institution" means an Associate of Arts or baccalaureate degree-granting college or university located outside of the State of Alabama.

7.11 "Independent/Private Instate Postsecondary Institution" means an independent/private, Associate of Arts or baccalaureate degree-granting college or university, located and chartered in Alabama, not for profit, which is supported wholly or principally from sources other than from State moneys. The Independent/Private Postsecondary Institution Trustees or Governors are selected privately, meaning not elected publicly and not appointed by a public body. The Independent/Private Postsecondary Institution may be accredited by the Commission on Colleges of the Southern Association of Schools and Colleges.

7.12 "Instate Tuition" or "Instate Tuition Rate" means the tuition rate charged to a student who meets the instate residency requirements of the particular State Postsecondary Institution attended by the student.

7.13 "Mandatory Fees" means those fees required as A CONDITION OF ENROLLMENT for ALL students attending the Postsecondary Institution in which the Qualified Beneficiary is enrolled and to which the Trust Fund payments will be made on behalf of the Beneficiary. The term "Mandatory Fees," as used herein, does not include charges for tuition, for books, for supplies, for credit hours, for room, or for board even if the Postsecondary Institution attended by the Qualified Beneficiary requires all students to pay such charges.

7.14 "Projected College Entrance Date" means the projected date on which the Qualified Beneficiary is expected to enter college. The Projected College Entrance Date is calculated by the State Treasurer based on information provided by the Contract Purchaser in the P.A.C.T. Application—specifically, the age of a Qualified Beneficiary who is a preschooler or the grade of a Qualified Beneficiary who is already in school. The Projected College Entrance Date will be the academic year following the Beneficiary's projected high school graduation. The State Treasurer will provide the Beneficiary's Projected College Entrance Date to the Purchaser.

7.15 "Official Change Period" means any period so designated by the State Treasurer during which the Prepaid Tuition Contract Purchaser may submit a written request for approval of changes, for example: changes in the Payment Schedule; changes in information provided on the P.A.C.T. Application, the MasterPACT, or on other P.A.C.T. documents; changes in the Contract period; and similar types of requests.

7.16 "Eligible Substitute Beneficiary" or "Substitute Beneficiary" means an individual named by the Prepaid Tuition

Contract Purchaser to receive, in place of the originally named Beneficiary, the benefits guaranteed in the Prepaid Tuition Contract and who meets the eligibility criteria specified in Section 10.03.

7.17 "Immediate Family," for purposes of these rules, means any of the following relations of the Purchaser:

- child
- grandchild
- stepchild
- niece
- adopted child
- nephew

OR, for purposes of these rules, any of the following relations of the Beneficiary:

- brother
- stepsister
- sister
- legally adopted brother
- half brother
- legally adopted sister
- half sister
- first cousin
- stepbrother

OR, for both the Purchaser and the Beneficiary, any other persons the State Treasurer may designate as members of the Immediate Family.

7.18 "Partial Scholarship" or "Full Scholarship" or "Scholarship" means grants or other financial aid awarded to a Beneficiary in an amount sufficient to pay a portion or all of the same benefits as are guaranteed under a Prepaid Tuition Contract.

7.19 "Disability of the Purchaser" means disability as defined in the applicable rules, regulations, and guidelines of the Social Security Administration.

7.20 "Disability of the Qualified Beneficiary" means a disability which, based on the findings of a health care professional, and on approval of these findings by the State Treasurer, renders the Qualified Beneficiary incapable of participating in higher education.

7.21 "Termination" means involuntary discontinuation of the Purchaser from the P.A.C.T. Program and involuntary discontinuation of the Beneficiary's right to receive benefits under a Prepaid Tuition Contract.

7.22 "Cancellation" means voluntary discontinuation of the Purchaser from the P.A.C.T. Program and voluntary discontinuation of the Beneficiary's right to receive benefits under a Prepaid Tuition Contract, when requested by the Purchaser, so long as the Purchaser has provided at least thirty (30) days' written notice to the State Treasurer and has submitted all applicable fees.

7.23 "Current Tuition Value" means an amount equal to the present value of the total of Instate Tuition plus Mandatory Fees expected to be charged by Alabama Public Four-Year Postsecondary Institutions minus the present value of the remaining payments due on the P.A.C.T. Contract at the time the calculation of Current Tuition Value is made.

7.24 "Redemption Value" means the sum of all P.A.C.T. Contract payments paid to date by the Purchaser, not including fees paid to the Trust Fund, minus any amounts paid by the Trust Fund to Postsecondary Institutions on behalf of the Qualified Beneficiary.

7.25 "Payment Schedule" means the document, prepared by the State Treasurer, defining the frequency, duration, and due date of Contract payments, based on information provided by the Purchaser in the P.A.C.T. Application.

## SECTION 8 ALABAMA COLLEGES AND UNIVERSITIES

These rules, regulations, and procedures apply to Purchasers and Beneficiaries of Prepaid Tuition Contracts for the prepayment of tuition and Mandatory Fees, as defined in Section 12.02, at any of the State's public four year colleges and universities, public junior colleges, public community colleges, public technical colleges, and public senior colleges. These Public Postsecondary Institutions currently are as follows:

### Public Four Year Postsecondary Institutions:

- Alabama A & M University
- Alabama State University
- Auburn University
- Auburn University at Montgomery
- Jacksonville State University
- Livingston University
- Troy State University
- Troy State University at Montgomery
- University of Alabama
- University of Alabama at Birmingham
- University of Alabama at Huntsville
- University of Montevallo
- University of North Alabama
- University of South Alabama

### Public Two Year Postsecondary Institutions:

#### Public Community Colleges:

- Bishop State Community College
- Calhoun State Community College
- Central Alabama Community College
- Gradsden State Community College
- Jefferson State Community College
- Lawson State Community College
- Northwest Alabama Community College
- Shelton State Community College
- Shoals Community College
- George C. Wallace State Community College
- Wallace State Community College
- George Corley Wallace State Community College

#### Public Junior Colleges:

- Brewer State Junior College
- Chattahoochee Valley Community College
- Jefferson Davis State Junior College
- Enterprise State Junior College
- Faulkner State Junior College
- Patrick Henry State Junior College
- Northeast Alabama State Junior College
- Snead State Junior College
- Southern Union State Junior College
- Lurleen B. Wallace State Junior College

### Public Technical Colleges:

- Alabama Aviation and Technical College
- Armore State Technical College
- Ayers State Technical College
- Bessemer State Technical College
- Carver State Technical College
- Drake State Technical College
- Fredd State Technical College
- Hobson State Technical College
- Ingram State Technical College
- MacArthur State Technical College
- Opelika State Technical College
- Patterson State Technical College
- Reid State Technical College
- Southwest State Technical College
- Sparks State Technical College
- Trenholm State Technical College
- Walker State Technical College

### Public Senior Colleges:

- Athens State College
- Troy State University at Dothan

The above listing represents the current Public Postsecondary Institutions in Alabama. However, all other Public Postsecondary Institutions will be included in the P.A.C.T. Program upon decision of the State Treasurer with advice of the Alabama Commission on Higher Education, the State of Alabama Board of Education, or other organizations which have the authority to make such a designation.

## SECTION 9 CONTRACT PURCHASER

**9.01 Eligibility of Purchaser**—The Purchaser, if a natural person, must be nineteen (19) years of age or older, or be represented by a court appointed conservator or guardian, trustee, or a designated custodian under the provisions of Title 26-2-20, *Code of Alabama*, 1975, (as last amended).

**9.02 Nonacceptance of the Purchaser's Application**—A prospective Purchaser may be denied the right to enter into a Prepaid Tuition Contract if the Purchaser does not meet the qualifications as set forth in Sections 7.05 and 9.01; if the Contract violates local, state, or federal laws; if the proposed Beneficiary is not a Qualified Beneficiary in accordance with Sections 10.01 and 10.02; if the State Treasurer determines that it is advisable to limit the number of Prepaid Tuition Contracts; if the Purchaser fails to submit the P.A.C.T. Application during an official P.A.C.T. Application (Enrollment) Period; or such other reasons as determined by the State Treasurer on behalf of the Board of Trustees.

**9.03 Number of Purchasers Per Contract**—Joint Purchasers are not permitted. Only one (1) individual, corporation, or organization may be named on the P.A.C.T. Application and in the P.A.C.T. Contract as the Prepaid Tuition Contract Purchaser. However, the individual, corporation, or organization making the Contract payments does not have to be the named Purchaser. Nevertheless, the responsibility for making all payments, including administrative fee payments, rests with the Purchaser.

## SECTION 10 QUALIFIED BENEFICIARY

**10.01 Beneficiary Eligibility**—An individual may be named the Beneficiary of a Prepaid Tuition Contract if, for the P.A.C.T. Application (Enrollment) Period in effect, such individual meets ALL of the following requirements: the individual is a resident of the State of Alabama, or is the minor child of a noncustodial parent who is a resident of the State of Alabama, at the time the Prepaid Tuition Contract Purchaser submits an Application to the State Treasurer for a Prepaid Tuition Contract; the individual is under the age of eighteen (18) on the first day of the P.A.C.T. Application (Enrollment) Period; and, for the first P.A.C.T. Application (Enrollment) Period (i.e. March 21, 1990 - May 31, 1990), the individual has not completed the eighth (8th) grade as of March 21, 1990.

The Qualified Beneficiary may be a U.S. citizen, a permanent resident alien, or a dependent of a U.S. citizen or of a permanent resident alien.

**10.02 Evidence of Residency**—Purchasers must execute a statement in the P.A.C.T. Application that the Beneficiary of the Prepaid Tuition Contract is a resident of the State of Alabama. Purchasers may be asked to furnish proof of the Beneficiary's residency. Failure to provide proof of the Beneficiary's residency may result in automatic Termination of the Purchaser (and therefore the Beneficiary) from the P.A.C.T. Program.

Submission of any of the following documents, upon request, will be considered as sufficient to establish the residency status of the Beneficiary:

If the Beneficiary is one year old or younger:

(A) A birth certificate indicating that the Qualified Beneficiary was born in Alabama.

If the Beneficiary is over the age of one:

(B) A progress report from the Beneficiary's preschool or day care center;

(C) A school report card or transcript from an Alabama public or private school;

In the event school documents are not available, residency will be determined by the parent's or guardian's residency status. Acceptable documents in this regard include the following:

(D) Voter's registration card;

(E) Driver's license;

(F) Certificate of domicile;

(G) Homestead exemption;

(H) Utility bills;

(I) Professional or occupational license;

(J) Proof of full time Alabama employment;

(K) Alabama vehicle registration; or

(L) Any other type of documentation similar to (A) through (K) above indicating residency of the Beneficiary.

**10.03 Beneficiary Substitutions**—The benefits of a Prepaid Tuition Contract may be transferred to an Eligible Substitute Beneficiary. To qualify as eligible, the Substitute Beneficiary must be a resident of the State of Alabama, or the minor child of a noncustodial parent who is a resident of the State of Alabama. The Substitute Beneficiary must not have yet enrolled at a Postsecondary Institution; must be under the age of eighteen (18); and must be a member of the Immediate Family of the Purchaser or a member of the Immediate Family of the originally Qualified Beneficiary. The term "Immediate Family" is defined in Section 7.17.

Requests for transfer of the Contract Benefits to an Eligible Substitute Beneficiary must be in writing and will be accepted during any Official Change Period. All requests for Beneficiary substitutions should be submitted with documentation evidencing the relationship of the Substitute Beneficiary to the Purchaser or to the original Qualified Beneficiary.

In general, transfer of Contract benefits to a Substitute Beneficiary is limited to transfer to a younger Beneficiary whose Projected College Entrance Date is the same or is a later date than the Projected College Entrance Date of the originally named Beneficiary. Assessment of an additional Prepaid Tuition Contract price, if any, may be made at the time that the substitution of a Beneficiary is approved by the State Treasurer.

The benefits of a Prepaid Tuition Contract may be transferred to an older Substitute Beneficiary whose Projected College Entrance Date will occur prior to the Projected College Entrance Date of the originally named beneficiary only in the following cases: (a) In the event of death of the originally named Beneficiary; (b) in the event the originally named Beneficiary becomes disabled; or (c) in the event the originally named Beneficiary receives a full or partial scholarship, the terms of which cover all or a portion of the same benefits guaranteed under a Prepaid Tuition Contract. If the Purchaser contemplates transfer of Contract benefits to a Substitute Beneficiary who is older than the original Beneficiary and/or whose Projected College Entrance Date will occur prior to the Projected College Entrance Date of the originally named Beneficiary, written application for special consideration must be made to the State Treasurer. If the request is approved, an additional amount determined to be necessary to ensure the actuarial soundness of the Trust Fund may be assessed. Assessment of this additional amount will be made at the time the request for special consideration is approved. Proof of age, death or Disability, or receipt of a Full or Partial Scholarship by the original Beneficiary must be furnished in such form as required at the time the request for substitution of the Qualified Beneficiary is submitted.

If the Purchaser has established a monthly payment plan, and the Contract benefits are transferred to an older Eligible Substitute Beneficiary who enrolls in college before the Contract is fully paid, the Substitute Beneficiary may not use any Contract benefits unless the Contract is paid in full. The Purchaser will be required to pay off the monthly payments in full in order for the Substitute Beneficiary to utilize any Contract benefits.

In EVERY case, transfer of Contract benefits to a Substitute Beneficiary may be made only if NO benefits guaranteed under the Prepaid Tuition Contract have ever been used. If any of the Contract benefits have been utilized by the originally named Beneficiary, the Contract benefits may not be transferred to a Substitute Beneficiary. In effect, therefore, Contract benefits may never be transferred to or from children who are already enrolled in college. Similarly, in EVERY case, the Eligible Substitute Beneficiary may not use any Contract benefits until the entire Prepaid Tuition Contract is paid in full.

A nonrefundable fee, as described in Section 13.024, will be assessed for the transfer of Contract benefits to a Substitute Beneficiary. The fee must be submitted by the Purchaser at the time the request for substitution of Beneficiary is made.

Upon substitution of a Qualified Beneficiary, the cost of the Prepaid Tuition Contract will be recalculated. The new cost, if any, along with a revised Payment Schedule, will be furnished to the Purchaser.



## SECTION 11 APPLICATION

11.01 Application (Enrollment) Periods—Prepaid Tuition Contracts may be entered into only during valid Application (Enrollment) Periods. The P.A.C.T. Application (Enrollment) Periods shall commence and terminate on dates set by the State Treasurer. The first P.A.C.T. Application (Enrollment) Period will begin on March 21, 1990, and will terminate at midnight on May 31, 1990.

11.02 Application—Any individual, corporation, or organization who desires to enter into a Prepaid Tuition Contract on behalf of a Qualified Beneficiary must submit a completed Application to the State Treasurer along with the Application Processing Fee described in Section 13.021. The Alabama Prepaid Affordable College Tuition Program Application, Form PACT No. 90-1, is hereby incorporated by reference. The effective date of this Application form is March 21, 1990. The P.A.C.T. Application may be obtained by calling the Prepaid Affordable College Tuition Program at 1-800-ALA-P.A.C.T. or 205-242-7514 or by writing to the P.A.C.T. offices as follows: State Treasurer's Office, P.A.C.T. Program, Suite 10, Alabama State House, Montgomery, Alabama 36130. Applications may also be obtained from any AmSouth Bank in Alabama.

The P.A.C.T. Application will become part of the formal Contract between the State Treasurer, on behalf of the Board of Trustees, and the Purchaser.

By completing the Application and submitting the Application Processing Fee, the Purchaser is considered to be entering into a Prepaid Tuition Contract. After review and acceptance of the Application by the Treasurer, the Purchaser will be mailed a Payment Schedule and a MasterPACT.

To be complete, an Application must contain all of the information that the State Treasurer determines is necessary for proper administration of the enrollment process. The Application must be accepted by the State Treasurer, and the MasterPACT and Payment Schedule must have been mailed to the Purchaser for the Contract to be complete.

11.03 Naming the Qualified Beneficiary—Unless specifically exempted by the State Treasurer, Purchasers must name the Qualified Beneficiary in the P.A.C.T. Application. Only one (1) Qualified Beneficiary is allowed per Contract. A specific Beneficiary may be named in only one (1) Contract. The Purchaser does not have to designate the Postsecondary Institution that the Beneficiary will attend.

If more than one (1) Purchaser has submitted an Application for the same proposed Beneficiary, the State Treasurer will authorize the Purchaser whose Application was received first to enter into a Contract on behalf of the Qualified Beneficiary.

## SECTION 12 THE PREPAID TUITION CONTRACT

12.00 General—The Prepaid Tuition Contract shall consist of the Application, the MasterPACT, and the Payment Schedule for Purchasers selecting a monthly payment plan or an invoice marked "Paid in Full" for Purchasers making a onetime, lump sum payment. This invoice constitutes the Payment Schedule for Purchasers making a onetime, lump sum payment.

12.01 Contract Plan—One (1) type of Contract plan, called the Wallace-Folsom Prepaid Affordable College Tuition Plan, is available to Purchasers of Prepaid Tuition Contracts. This Contract Plan guarantees tuition and Mandatory Fees as described in Section 12.02.

12.02 Contract Benefits—The Prepaid Affordable College Tuition Contract guarantees, unless otherwise stated herein, payment of Instate Tuition and Mandatory Fees, as defined in this section, by the Trust Fund, on behalf of the Qualified Beneficiary of the Prepaid Tuition Contract, to the Public Postsecondary Institution in which the Qualified Beneficiary matriculates.

The Prepaid Tuition Contract guarantees the following:

(1) Payment of Instate Tuition of not more than one hundred thirty-five (135) semester hours or the academic equivalent units on a quarter system or other academic term basis, OR payment of Instate Tuition until award of a baccalaureate degree to the Qualified Beneficiary, whichever comes first;

AND

(2) Payment of Mandatory Fees for not more than eight (8) registrations on a semester system, twelve (12) registrations on a quarter system, or the comparable number of registrations on an academic equivalent basis for terms that are not semesters or quarters.

Any credit hours paid by the Trust Fund on behalf of a Qualified Beneficiary reduces the remaining available credit hours under the Contract. Even if the credit hours paid by the Trust Fund on behalf of the Beneficiary are not counted by the Beneficiary's Postsecondary Institution toward a college degree, the credit hours paid by the Trust Fund will, nevertheless, decrease the remaining number of credit hours available for utilization under the Contract.

The Contract Plan does not cover fees and costs related to dormitory housing or any other types of housing. The Contract Plan does not cover meals, books, transportation, supplies, costs of professional school, or costs of graduate school education. The Contract Plan also does not cover miscellaneous fees such as health fees, athletic fees, fraternity or sorority fees, or laboratory fees unless these fees qualify as Mandatory Fees as defined in Section 7.13. No graduate program, continuing education program, professional degree program, or adult education program is available under the Contract Plan. The Contract Plan covers only those costs and fees specified in the Prepaid Tuition Contract.

12.021 Earliest Availability of Contract Benefits—In general, the earliest a Qualified Beneficiary may receive benefits under a Contract purchased during any Application (Enrollment) Period established by the State Treasurer will be the Summer term immediately preceding the Projected College Entrance Date of the Qualified Beneficiary as provided in the Contract, unless the Beneficiary is an accelerated student. In the event the Beneficiary is an accelerated student, the Contract may be used, with no penalty or additional Contract cost, within three (3) years in advance of the Projected College Entrance Date of the Qualified Beneficiary. However, in ALL cases, the Contract must be paid in full to advance utilization of the Contract benefits prior to the Beneficiary's Projected College Entrance Date, including utilization of the benefits during the Summer term immediately preceding the projected College Entrance Date.

The Purchaser must provide written notice of intention to advance or delay benefits under the Prepaid Tuition Contract not less than sixty (60) days before the new matriculation date of the Qualified Beneficiary. Failure to give notice within sixty (60) days will result in assessment of a fee to the Contract Purchaser in accordance with Section 13.029.

**12.022 Earliest Availability of Benefits for the Spring 1990 P.A.C.T. Application (Enrollment) Period**—The earliest a Qualified Beneficiary may receive benefits under a Prepaid Tuition Contract purchased during the P.A.C.T. Application (Enrollment) Period beginning March 21, 1990, and ending at midnight May 31, 1990 will be the Summer term, 1994, unless the Qualified Beneficiary is an accelerated student. If the Qualified Beneficiary is an accelerated student, the benefits of the Prepaid Tuition Contract may be used up to three (3) years in advance of the Projected College Entrance Date. However, the Contract must be paid in full to advance utilization of the Contract benefits.

**12.03 Contract Term**—Benefits under a Prepaid Tuition Contract may be received for up to a ten (10) year period after the Projected College Entrance Date of the Qualified Beneficiary or for up to ten (10) years after the actual college entrance date of a Qualified Beneficiary who is an accelerated student. Prior to the expiration of the ten (10) year limit, as long as a Prepaid Tuition Contract has not been Terminated or Cancelled and is not in default, a Purchaser may request an extension of the time allowed to exercise rights under the Prepaid Tuition Contract. The Purchaser must submit a written request at least one hundred eighty (180) days prior to the expiration of the ten (10) year limit and will pay a nonrefundable renewal fee assessed at the time of request for extension of the Contract term. If the request is granted, an additional cost may be assessed to protect the actuarial soundness of the Trust Fund.

If a Prepaid Tuition Contract has not been Terminated, and if the Qualified Beneficiary's rights under the Contract have not been fully exercised within ten (10) years from the Projected College Entrance Date of the Qualified Beneficiary, or from the actual college entrance date for an accelerated student, all Contract rights are Terminated.

**12.04 Notification of Intent to Receive Educational Benefits**—At such time as the Qualified Beneficiary intends to begin using the educational benefits under the Contract, the Purchaser must submit written notification within sixty (60) days prior to the projected commencement date for utilization of Contract benefits by the Beneficiary. Failure to provide at least sixty (60) days advance notice will result in the assessment of a fee in accordance with the provisions of Section 13.029. After proper notification to the State Treasurer of intent of the Beneficiary to matriculate, the Qualified Beneficiary will be issued an identification card in accordance with the provisions in Section 12.05.

**12.05 Identification Cards for Qualified Beneficiaries**—To receive benefits under the Alabama Prepaid Affordable College Tuition Program, a Qualified Beneficiary, whose Contract is in good standing, will be issued an Identification Card prior to each Fall college entrance period for which the Prepaid Tuition Contract applies. No Identification Card will be issued to a Beneficiary unless the Beneficiary submits a social security number. The Postsecondary

Institution in which the Qualified Beneficiary has entered shall not invoice the Trust Fund on behalf of the Beneficiary unless the Beneficiary presents a valid Identification Card to the appropriate person and office at the college or university in which the Qualified Beneficiary has entered. It is the responsibility of the Purchaser to apply for an Identification Card for the Beneficiary at the time notification is given of intent of the Beneficiary to matriculate in accordance with Section 12.04.

**12.06 Contract Prices**—New Contract prices will be established for each P.A.C.T. Application (Enrollment) Period. Contract prices will be based on actuarial assumptions adopted by the State Treasurer, in conjunction with the Board of Trustees, regarding tuition rates and other relevant factors. Contract prices will not include the P.A.C.T. Application Processing Fee.

After a Purchaser has entered into a Prepaid Tuition Contract, the Contract price will not change unless otherwise specified herein. For each P.A.C.T. Application (Enrollment) Period, the State Treasurer, with the advice of the Board of Trustees and with assistance from a qualified actuarial firm, will establish new Contract prices for that particular Application (Enrollment) Period. Establishment of new prices for future P.A.C.T. Application (Enrollment) Periods will NOT affect or change the pricing of Contracts previously purchased.

**12.07 Contract Payments**—Payments are due in full on the first day of each month as specified in the Contract. Payments for a Prepaid Tuition Contract may be made under one of three (3) different Payment Schedules as follows:

(a) A lump sum payment due in full on the date designated by the State Treasurer; or

(b) Monthly payments over a period of sixty (60) continuous months so long as the final payment is received not later than June 1st immediately preceding the Projected College Entrance Date of the Qualified Beneficiary. The payments will begin on the first day of the month stated in the Contract and will be due on the first day of each successive month thereafter until the Contract is paid in full.

(c) Continuous monthly payments from the time a Prepaid Tuition Contract is purchased until June 1 immediately preceding the Projected College Entrance Date of the Qualified Beneficiary. The payments will begin on the first day of the month stated in the Contract and will be due on the first day of each successive month thereafter until the Contract is paid in full.

**12.071 Contract Payments for the Spring 1990 Application (Enrollment) Period**—Payments for Prepaid Tuition Contracts purchased during the P.A.C.T. Application (Enrollment) Period beginning on March 21, 1990, and ending on May 31, 1990, may be made under any one of the following payment schedules:

(a) Single, lump sum payment due in full not later than September 1, 1990; or

(b) Sixty (60) monthly payments beginning on September 1, 1990, and due on the first day of each and every month thereafter for sixty (60) continuous months so long as the final payment occurs on or prior to the June 1 immediately preceding the Projected College Entrance Date of the Qualified Beneficiary. This payment option is not available for Beneficiaries currently in the seventh (7th) or eighth (8th) grades.

**12.08 Changes in Payment Schedule, in Payment Method, and Beneficiary Substitutions**—If a Purchaser of a Prepaid Tuition Contract, or group of Contracts, desires to select a Payment Schedule that is different from the Payment Schedule which was originally selected, desires to change payment method, or desires to transfer the Contract benefits to an Eligible Substitute Beneficiary, the Purchaser must notify the State Treasurer, in writing, of the desire for such a change and must submit the required fee in accordance with Section 13.024 or Section 13.030, whichever is applicable. A request for a change in Payment Schedule or in payment method, or a request for transfer of Contract benefits to a Substitute Beneficiary, will be considered as long as the request and all required fees are submitted during an Official Change Period. The dates of such Official Change Periods will be established by the State Treasurer. Changes may also be made during any P.A.C.T. Application (Enrollment) Period or by special approval of the State Treasurer in cases of hardship and pursuant to the special petition procedures outlined in Section 17.

Purchasers electing a monthly payment plan may pay off the plan early. In such cases, if the pay off amount is not furnished in the Purchaser's coupon book, the Purchaser must make a written request to the State Treasurer requesting the payoff amount and must submit the required administrative fee in accordance with Section 13.030. After the Purchaser has paid off the Contract in full, a receipt will be provided indicating that the Contract is fully paid.

**12.09 Contract Exclusions**—Nothing in these rules, the prepaid Tuition Contract, the P.A.C.T. Program, or the Wallace-rolson Prepaid College Tuition Trust Fund Act shall be construed as a promise or guarantee by the State Treasurer, the Board of Trustees, employees or consultants of the State Treasurer and/or the Board of Trustees, or the State of Alabama that a Qualified Beneficiary will be admitted to a Postsecondary Institution; or will be admitted to a particular Postsecondary Institution; or that a Qualified Beneficiary will be allowed to continue enrollment at a Postsecondary Institution after admission; or that a Qualified Beneficiary will be graduated from a Postsecondary Institution; or that a Qualified Beneficiary, if admitted to a Public Postsecondary Institution in Alabama, will qualify as a resident of the State and be charged Instate, rather than out-of-state, Tuition and Mandatory Fees.

No continuing education courses, graduate program, first professional program, or adult education program is available under the P.A.C.T. Program.

Tuition and Mandatory Fees paid under a Prepaid Tuition Contract will be Instate Tuition and Instate Mandatory Fee charges only. A Beneficiary who matriculates and who does not meet the instate residency requirements of the selected Postsecondary Institution, as determined by that institution at the time benefits under a Prepaid Tuition Contract are requested, shall receive the Contract benefits at the Instate Tuition and Mandatory Fee rates.

The Trust Fund is not responsible for the difference between instate and out-of-state tuition and fee rates. Only Instate Tuition and Mandatory Fees will be paid under a Prepaid Tuition Contract. Residency requirements for qualification for Instate Tuition and fee charges, as determined by the Postsecondary Institution in which the Beneficiary enrolls, are the responsibility of the Qualified Beneficiary at the time of matriculation. The Trust Fund will not

pay tuition charges or Mandatory Fee charges at a rate in excess of the rate charged to students who are eligible for Instate Tuition and Mandatory Fee rates.

## SECTION 13 ASSESSMENT OF FEES

**13.01 Administrative Fees**—Administrative Fees are assessed when a Purchaser submits an application for a P.A.C.T. Contract or when alterations are made in the ordinary services provided under the P.A.C.T. Program. The amount charged for each of these fees is subject to change during the life of any Prepaid Tuition Contract.

**13.02 Fees Assessed and Fee Schedules**—The following fees and fee schedules will apply to all Purchasers of Prepaid Tuition Contracts.

**13.021 Application Processing Fee**—A sixty dollar (\$60.00) Application Processing Fee will be collected for EACH P.A.C.T. Application at the time that the Application is submitted. In general, the Application Processing Fee is nonrefundable. The Application Processing Fee will only be refunded if the P.A.C.T. Application is rejected and the Purchaser is denied participation in the P.A.C.T. program through no fault of the Purchaser.

**13.022 Cancellation Fee**—Fifty percent (50%) of the amount paid into the Trust Fund, up to a maximum of one hundred fifty dollars (\$150.00), excluding fees, will be assessed upon the Cancellation of a Prepaid Tuition Contract. The Cancellation Fee will be waived only in the event of death or Disability of the Purchaser or Qualified Beneficiary.

In the event of death or Disability of the Purchaser or of the Qualified Beneficiary, the Purchaser, or the Purchaser's estate, as appropriate, must submit a written request, at the time of application for a refund, for waiver of the Cancellation Fee. Documentation of death or Disability of the Purchaser or of the Qualified Beneficiary must be submitted along with the written request for waiver of the Cancellation Fee.

**13.023 Termination Fee**—In the event it is determined that a Purchaser or a Beneficiary has failed to make payments pursuant to the MasterPACT; has not complied with these rules, regulations, or procedures; or has made a material misrepresentation of information, the Prepaid Tuition Contract may be Involuntarily Terminated. If the Contract is Terminated, a Termination Fee of one hundred percent (100%) of the amounts paid into the Trust Fund, excluding fees, up to a maximum of five hundred dollars (\$500.00) will be assessed and must be paid by the Purchaser. The following are among the acts which may constitute a material misrepresentation: misstating information on correspondence with the State Treasurer, including, but not limited to, the P.A.C.T. Application. Such information may include the age or grade of the Beneficiary; the residency of the Qualified Beneficiary; disabilities of the Qualified Beneficiary or of the Purchaser; receipt of a scholarship by the Qualified Beneficiary; and such other similar information.

Any refund due to the Purchaser of amounts paid into the Trust Fund, in the event of material misrepresentation and subsequent Termination of the Prepaid Tuition Contract, is addressed in Section 16.03.

13.024 Substitute Beneficiary Fee—A fifty-five dollar (\$55.00) fee will be assessed to transfer Contract benefits to a Substitute Beneficiary under a Prepaid Tuition Contract. In the event of death or Disability of the originally named Qualified Beneficiary, or in the event the Beneficiary receives a Full or Partial Scholarship, this fee may be waived upon written request submitted at the time of request for substitution of the Qualified Beneficiary and upon approval of the request for substitution. The written request should be submitted by the Purchaser. Proof of death or Disability of the Qualified Beneficiary, or receipt of a Full or Partial Scholarship by the Qualified Beneficiary, must be provided along with the written request for waiver of the \$55.00 fee.

13.025 Fee for Enrollment in an Independent/Private Instate Postsecondary Institution or in an Out-of-State Postsecondary Institution—In the event a Qualified Beneficiary elects to attend an Independent/Private Instate Postsecondary Institution or an Out-of-State Postsecondary Institution and not an Instate Public Postsecondary Institution, or in the event a Qualified Beneficiary transfers from an Instate Public Postsecondary Institution to an Independent/Private Instate Postsecondary Institution or to an Out-of-State Postsecondary Institution, the Contract benefits will be transferred to such other Postsecondary Institution in accordance with the provisions of Section 14. Each time a transfer occurs, the Contract Purchaser will be assessed a twenty-five dollar (\$25.00) processing fee per transfer.

13.026 Late Payment Fee—A late payment fee of fifteen (\$15.00) dollars shall automatically be assessed on each monthly payment received fifteen (15) days past the due date. A grace period, up to four (4) days in length, may be granted when a federal and/or State holiday occurs within the fifteen (15) days specified in this section. If a Purchaser's payments are habitually late, the State Treasurer, at his discretion, may Terminate the Purchaser, and, therefore the Beneficiary, from the P.A.C.T. Program.

13.027 Fee for Not Sufficient Funds—Purchasers shall automatically be assessed a ten dollar (\$10.00) fee for all checks returned for insufficient funds (NSF).

13.028 Fee for Document Replacement or Copies—Purchasers and/or Beneficiaries shall automatically be assessed a seven dollar (\$7.00) fee per document (not per page) when requesting more than one copy, or a replacement copy, of any P.A.C.T. document including, but not limited to, the P.A.C.T. Application, the Payment Schedule, the MasterPACT, the coupon book, and the Identification Card.

13.029 Fee for Failure to Provide Sufficient Notification of Intent to Use Contract Benefits—Pursuant to Sections 12.021 and 12.04 of these Rules, Regulations, and Procedures, the Purchaser should give at least sixty (60) days notification of the Beneficiary's intent to use benefits under a Prepaid Tuition Contract. Failure to provide adequate notification may result in assessment of a forty-five dollar (\$45.00) fee. This fee must be paid by the Purchaser before benefits under the Prepaid Tuition Contract will be paid to the Postsecondary Institution in which the Qualified Beneficiary matriculates.

13.030 Fee for Changes in Payment Schedule or Payment Method—A fifteen dollar (\$15.00) processing fee will be assessed

if a Purchaser elects to change to a different Payment Schedule from the Payment Schedule originally selected or if the Purchaser elects to change payment method, for example, from automatic payroll deduction to use of a coupon book.

## SECTION 14 ATTENDANCE AT AN INDEPENDENT/PRIVATE INSTATE OR AN OUT-OF-STATE POSTSECONDARY INSTITUTION

14.01 Transfer of Contract Benefits to an Independent/Private Instate Postsecondary Institution or to an Out-of-State Postsecondary Institution—In the event the Qualified Beneficiary matriculates in an Independent/Private Instate Postsecondary Institution or in an Out-of-State Postsecondary Institution, the Current Tuition Value will be forwarded each academic term to the Postsecondary Institution on an academic equivalent hourly basis subject to the provisions of a Prepaid Tuition Contract in Section 12.02. In no case will the amount forwarded ever exceed the cost of undergraduate tuition plus Mandatory Fees of the Postsecondary Institution to which the money is forwarded for the particular academic hours and term in question.

Forwarding of Contract benefits under this Section will be made only upon written request of the Purchaser, payment by the Purchaser of the applicable fee(s), and written notification from the Independent/Private Instate Postsecondary Institution or from the Out-of-State Postsecondary Institution in which the Qualified Beneficiary has enrolled. This written notification must be provided for each and every academic term for which the Prepaid Tuition Contract benefits are to be paid. The Purchaser's written request to the State Treasurer to transfer Contract benefits to an Independent/Private Instate Postsecondary Institution or to an Out-of-State Postsecondary Institution is due in the State Treasurer's Office a minimum of thirty (30) days prior to the matriculation of the Qualified Beneficiary in the Independent/Private Instate or in the Out-of-State Postsecondary Institution.

## SECTION 15 TERMINATION OR CANCELLATION OF A PREPAID TUITION CONTRACT

15.00 General—Unless otherwise stated herein, Termination or Cancellation of a Prepaid Tuition Contract shall result in a refund to the Purchaser after payment of applicable fees.

15.01 Individual Entitled to Cancel a Prepaid Tuition Contract—The person entitled to cancel a Prepaid Tuition Contract is the Contract Purchaser.

15.02 Individual Entitled to Receive Refunds—Unless otherwise stated herein, the individual entitled to receive any refunds which may be due under a Prepaid Tuition Contract is the Contract Purchaser.

## SECTION 16 REFUND OF AMOUNTS PAID INTO THE TRUST FUND

16.00 General—Unless otherwise stated herein, refunds will be paid to the Purchaser.

Refund amounts will be based on the reason for Terminating or Cancelling a Prepaid Tuition Contract. Except as provided herein, refunds shall not exceed the amount paid by the Purchaser for any Prepaid Tuition Contract.

If a Qualified Beneficiary does not receive course credit for credit hours paid under a Prepaid Tuition Contract because of incomplete course work, failing course work, or for similar reasons, a refund will not be available for these credit hours, even if the Qualified Beneficiary is required by the Postsecondary Institution to repeat such credit hours. Regarding refunds, in all cases, once the Trust Fund has paid a Postsecondary Institution for credit hour(s) on behalf of a Qualified Beneficiary, the hour(s) paid for reduce the total number of credit hours available for calculation of any refund amount that may be due to the Purchaser.

If the Qualified Beneficiary achieves a baccalaureate degree in fewer than the maximum number of credit hours guaranteed under a Prepaid Tuition Contract and/or in fewer than the number of academic terms for which payment of Mandatory Fees is guaranteed under the Contract, a refund will not be available. As soon as a Qualified Beneficiary attains a baccalaureate degree, and/or utilizes the total number of credit hours guaranteed under the Contract, all services under the Prepaid Tuition Contract are Terminated. If a refund is approved, both voluntary Cancellation and involuntary Termination shall result in a refund to the Purchaser only after payment of all applicable fees by the Purchaser.

Unless otherwise specified herein, refunds will be paid in installments as determined by the State Treasurer. The amount of the refund installments will be calculated by the State Treasurer at the time a request for a refund is approved. Unless otherwise stated herein, the refund installments will be paid to the Purchaser. Any refunds that may be payable by the Postsecondary Institution shall be paid to the Purchaser.

**16.01 Refund in the Event of Death or Disability of the Qualified Beneficiary**—Refunds may exceed the amounts paid into the Trust Fund in the event of death or Disability of a Qualified Beneficiary. In the event of death or Disability of a Qualified Beneficiary, the Current Tuition Value of the Prepaid Tuition Contract shall be refunded to the Purchaser.

Proof of death or Disability of the Qualified Beneficiary must be provided in such form as required by the State Treasurer. The refund shall be paid within sixty (60) days of the State Treasurer's approval of the requested refund.

For the refund provisions stated herein to apply, the Purchaser must submit a written request for Cancellation of the Prepaid Tuition Contract. The written request should be submitted within one hundred eighty (180) days of the death or Disability of the Qualified Beneficiary.

If the Purchaser elects to transfer the Contract benefits to an Eligible Substitute Beneficiary, such notification should be provided within one hundred eighty (180) days of the death or Disability of the original Beneficiary.

If the Purchaser fails to request either a refund or a transfer of Contract benefits to an Eligible Substitute Beneficiary within the required one hundred eighty (180) days, the refund provisions of Section 16.03 may apply.

**16.02 Refund in the Event of Receipt of a Full or Partial Scholarship by a Qualified Beneficiary**—If a Qualified

Beneficiary is awarded a Full or Partial Scholarship, the terms of which fully or partially cover the benefits guaranteed in the Prepaid Tuition Contract, moneys paid for the purchase of the Prepaid Tuition Contract may be refunded by the college or university. Payments from the Trust Fund will be made to the Postsecondary Institution in which the Beneficiary matriculates just as if Scholarship had not been awarded. It will be the responsibility of the Beneficiary to request a refund of overpayment of tuition and Fees from the college or university attended by the Beneficiary. Any refund of overpayment of tuition and Fees will not be made by the Trust Fund.

**16.03 Other Refunds**—Refunds for reasons or circumstances other than those stipulated above in Sections 16.01 and 16.02 will be made to the Purchaser upon written request by the Purchaser and payment of the required fee(s).

The Purchaser will be entitled to a refund equal to the Redemption Value of the Contract. A refund under this rule will not include credit hours or fees paid by the Trust Fund on behalf of the Qualified Beneficiary prior to the time of refund.

Refunds under these provisions include, but are NOT limited to, circumstances in which the Qualified Beneficiary is not accepted at a Public Postsecondary Institution in Alabama; the Qualified Beneficiary elects not to pursue postsecondary education; or the Qualified Beneficiary enrolls in a State Postsecondary Institution, fails to maintain the academic standards required by that institution for continued enrollment, and the Contract benefits are not transferred to another Postsecondary Institution; or the Purchaser or Beneficiary has materially misrepresented P.A.C.T. Application or other P.A.C.T. Contract information.

These examples of refunds under the provisions of this section are provided only as examples and do NOT constitute a comprehensive or exhaustive list of all circumstances covered by this provision.

## SECTION 17 SPECIAL PETITION

**17.00 General**—Any individual, corporation, or organization desiring to petition for relief from the rules, regulations, and/or procedures dictated herein may do so by filing a petition. The petition shall contain the name and address of the person requesting relief; the specific nature of the relief requested; the name and address of any Purchaser or Beneficiary on any disputed Contract; the Prepaid Tuition Contract account number(s) of the Contract(s) in question; the rule, regulation, and/or procedure from which the Petitioner is requesting relief; the date of request; the social security number or tax identification number of the Beneficiary and the Purchaser; and the sworn signature of the Petitioner. The response will be in writing and will be made within forty-five (45) days of receipt of the petition from the individual requesting relief.

Any individual whose interests are substantially affected by a response to a petition may seek relief thereof.

## SECTION 18 MISCELLANEOUS PROVISIONS

**18.00 Promulgation and Amendment of Rules, Regulations, and Procedures**—The State Treasurer, on behalf of the Board of Trustees, shall promulgate such other rules,

regulations, and procedures as are deemed necessary to implement the P.A.C.T. Program and shall amend such rules, regulations, and procedures as is necessary for operation of the P.A.C.T. Program.

SECTION 19  
WAIVER OF RULES,  
REGULATIONS, AND PROCEDURES

19.00 General—The State Treasurer may waive portions of these rules, regulations, and procedures to prevent hardship of the Purchaser and/or of the Qualified Beneficiary.